

NEW JERSEY DEPARTMENT OF
COMMUNITY AFFAIRS



Section 8 Homeownership Program

Questions & Answers

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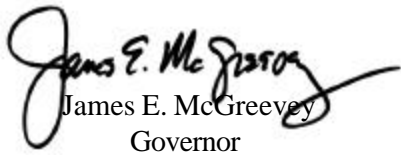
James E. McGreevey
Governor
State of New Jersey



Susan Bass Levin
Commissioner
Department of Community Affairs

Section 8 Homeownership Program Questions and Answers

“Since the beginning of this administration, we have been committed to providing affordable housing to New Jersey’s families. One of our housing initiatives has always been to ensure that every New Jersey citizen has a safe and secure place to call home. We believe the Section 8 Homeownership Program helps that cause.”



James E. McGreevey
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Q What is the Section 8 Homeownership Program?

A The Section 8 Homeownership Program is funded by the U.S. Department of Housing and Urban Development (HUD). Participants in the New Jersey Department of Community Affairs’ (DCA) Section 8 Housing Choice Voucher Program are eligible for this program and could become homeowners provided they meet all Section 8 Homeownership Program eligibility requirements.

Through this program, the Housing Choice Voucher (HCV) that is used toward rental payments will be applied toward homeownership expenses, including principal and interest on mortgage debt, insurance, taxes, utilities and other homeownership expenses.

Q Who is Eligible?

A To be eligible, you must meet all of the following criteria. You must:

- Be a current DCA Section 8 Housing Choice Voucher (HCV) program participant
- Have a minimum annual household gross income of \$10,300 – welfare assistance may not be considered in determining if a family meets requirements
- At least one adult in the household must currently be employed full-time – more than 30 hours per week continuously for at least one year
- Be a first-time homebuyer – no adult in the household can have had ownership interest in a home in the past three years

Currently, not all of New Jersey’s counties are participating in DCA’s Section 8 Homeownership Program. Be sure to stay in touch with DCA to find out when the program will be offered in your county. For more information, call (609) 292-9025.

Note: Eligibility criterion is different for disabled and the elderly.

Q What is the Eligibility Criteria for Individuals who are Disabled/Elderly?

A To be eligible, elderly or disabled individuals must meet all of the following criteria. You must:

- Have a DCA Section 8 HCV – income is the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone multiplied by 12 (Example: \$552 in SSI x 12 = \$6,624). Welfare assistance may be considered in determining if family meets income requirement.
- Be a first-time homebuyer (have not owned a home in the last three years).

Note: There is no employment requirement.

Q How does the DCA Section 8 Homeownership Program Work?

A The DCA Section 8 Homeownership Program works in much the same way as the Section 8 Housing Choice Voucher (HCV) program, however, instead of using the voucher subsidy toward rental payments, the voucher will be used toward monthly homeownership expenses.

Q What are Homeownership Expenses?

- A**
- Principal and interest on mortgage debt
 - Mortgage insurance
 - Real estate taxes
 - Home insurance
 - Utilities
 - Other Homeownership Expenses
 - o Public Housing Authority (PHA) allowance for routine maintenance
 - o PHA allowance for major repairs
 - o Operating charges or maintenance fees if a home is a condominium or co-op
 - o Land lease payments (in some cases)

Q What does the Section 8 Program Pay?

A The DCA Section 8 Program makes Housing Assistance Payments (HAP) to the mortgage lender. The HAP is the monthly homeownership assistance payment, which is the lesser of:

- Payment standard minus Total Tenant Payment (TTP)
- or**
- Monthly homeownership expenses minus Total Tenant Payment (TTP)

Q What is the Maximum Term of Assistance Provided by the Section 8 Homeownership Program?

A The maximum term of assistance provided by Section 8 Homeownership Program is:

- 10 years for a 15-year mortgage
- or**
- 15 years for a 20+ year mortgage

Note: There is no maximum term of assistance for disabled or elderly participants.

Q What is the Program Participant/Family's Share?

A It is estimated that approximately 30 percent of a participant/family's adjusted monthly income will be used to pay homeownership expenses. Any homeownership expenses not covered by the HAP payment are the responsibility of the participant/family.

Q If Interested in Homeownership, What Should I do Next?

A A key requirement of the program is that interested individuals/families must complete a Homeownership Education and Counseling Program provided by a Counseling Agency designated by DCA.

Q What Mortgage Lenders in New Jersey Support this Program?

A Currently, the New Jersey Housing and Mortgage Finance Agency offers mortgage products for Section 8 participants.

DCA encourages any financial institution to participate in the Section 8 Homeownership Program.